

Message Text

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61

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-15 MBFR-04 EB-11 TRSE-00 OMB-01

COME-00 FRB-02 AEC-11 SCEM-02 SCI-06 SAJ-01 DRC-01

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R 101837Z OCT 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7951

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION BERLIN

USMISSION NATO BRUSSELS

UNCLAS BONN 14705

E.O. 11652: GDS

TAGS: EFIN, GW, PL, XH

SUBJECT: SUBSIDIZED GERMAN CREDITS FOR POLAND AND
OTHER EASTERN EUROPEAN COUNTRIES

REF: BONN 13752

L. UNCLASSIFIED. THE BONN GENERAL-ANZEIGER
PUBLISHED AN ARTICLE BASED ON AN INTERVIEW WITH FRG
SPOKESMAN GRUENEWALD ON OCTOBER 10 IN WHICH HE
DISCUSSED CURRENT FRG PLANS FOR GRANTING SUBSIDIZED
CREDITS TO POLAND AND OTHER EASTERN EUROPEAN COUNTRIES.
ACCORDING TO THE ARTICLE, THE GERMAN CABINET IS
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EXPECTED TO REACH A DECISION ON THIS ISSUE BEFORE

FOREIGN MINISTER SCHEEL'S VISIT TO WARSAW NEXT WEEK.

2. THE ARTICLE REPORTS THAT THE FRG IS EXPECTED TO OFFER POLAND A CREDIT OF ABOUT DM ONE BILLION, THE AMOUNT TO BE NEGOTIATED WITH THE POLES. THE CREDIT IS TO BE UNTIED AND NOT LINKED TO ANY SPECIFIC PROJECT. FUNDS ARE TO BE RAISED ON THE CAPITAL MARKET AND DISBURSED IN SEVERAL ANNUAL TRANCHES. THE FRG IS TO PROVIDE A SUBSIDY TO BRING THE OVERALL INTEREST RATE DOWN TO AROUND SIX PERCENT.

3. THE ARTICLE NOTES THAT THE CREDIT TO POLAND IS NOT TO BE A MODEL FOR OTHER EASTERN EUROPEAN COUNTRIES. IT MENTIONS THAT IN THE CASE OF THE USSR FOR EXAMPLE CREDITS ARE TO BE LINKED TO THE PROMOTION OF A SPECIFIC PROJECT. THE ARTICLE FURTHER NOTES THAT THE PRINCIPAL FRG MINISTRIES INVOLVED HAVE AGREED ON THE BASIC GROUND RULES FOR CREDITS TO EASTERN EUROPE. UNDER THESE GROUND RULES, THE GOVERNMENT WILL ONLY ASSIST BUSINESS TRANSACTIONS WHICH PROVIDE FOR GERMAN INVESTMENT AND WHICH EITHER CONTRIBUTE TO THE EQUALIZATION OF A TRADE BALANCE OR WHICH ASSIST THE IMPORTATION OF SCARCE OR IMPORTANT GOODS, ESPECIALLY IN THE ENERGY FIELD AND THE EXPORT OF GOODS OF SPECIAL INTEREST TO THE GOVERNMENT. IN THE LATTER CATEGORY, THE EXAMPLE IS GIVEN OF A NUCLEAR POWER PLANT WHICH BECAUSE OF ENVIRONMENTAL REASONS WOULD BE CONSTRUCTED IN THE USSR INSTEAD OF ON THE RHINE. IN THIS CASE, THE ARTICLE NOTES, DIRECT FRG BUDGETED FUNDS COULD ALSO BE USED TO SUPPORT THE PROJECT SINCE THE GOVERNMENT HAS FUNDS FOR THE CONSTRUCTION OF THESE PLANTS WITHIN GERMANY.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN14705
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731042/aaaabepe.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: BONN 13752
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2001 by phillir0>; APPROVED <28-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUBSIDIZED GERMAN CREDITS FOR POLAND AND OTHER EASTERN EUROPEAN COUNTRIES
TAGS: EFIN, GE, PL, XH
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005